1	2	3	4	5	6
Chillies	0.63	—16.9	17.0	—53.2	94.0
Onions	0.67	—26.9	18.0	26.3	—11.8
Potatoes	1.23	36.0	7.6	19.5	—6.9
Sugar	2.24	3.9	20.2	3.3	39.2
Gur	0.47	15.5	—10.4	81.8	—15.4
Tea Leaves	0.82	11.9	40.0	40.5	—13.7
Soft coke	0.80	0.1	—6.8	14.3	—6.7
Kerosene oil	1.82	0.2	96.0	—48.4	81.1
Match boxes	0.23	0.3	—6.3	20.3	0.5
Washing soap	1.33	0.9	5.6	—1.7	20.5
Long cloth	0.20	45.2	—16.2	88.0	—6.2
Dhoties	0.35	6.8	—7.4	21.6	—2.7
Sarees	2.05	7.3	3.9	12.3	12.1
Essential Commodities	48.93	1.1	5.0	—0.1	20.2

Tax Benefits to Foreign Companies

*394. SHRI CHIMANBHAI MEHTA:

SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of FINANCE be pleased to state:

(a) what is the number of investment proposals of foreign companies so far pending and cleared, and the actual investment by them in India to date;

(b) what is the number of foreign companies interested in 100 per cent investment on their own;

(c) what are the tax benefits available to foreign companies in contrast to or on par with local Indian Companies; and

(d) what is the national exchequer gaining out of 100 per cent exports by these companies or the RBI gaining by way of retention of the foreign exchange?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Subsequent to the announcement of the New Industrial Policy in 1991 and till June 1993, 1227 proposals for foreign direct investment have been cleared. Out of these proposals 58 cases were approved for 100% foreign investment in the equity capital of the Indian Companies promoted by them. The Reserve Bank of India (RBI) has reported that actual inflow of foreign investment from 1991 to 1993 (upto May) is estimated at Rs. 1763.18 crores. Receipt and consideration of the proposals is a continuous process. The proposals are generally cleared within a period of 45 days.

(c) The Income Tax Act (I.T. Act) provides a number of tax benefits to the corporate sector in general and to the foreign companies in particular, with a view to encouraging industrial development and flow of foreign exchange into India subject to certain conditions below. Foreign Companies in this context means Companies incorporated abroad.

The concessions given in respect of foreign companies, in particular are:

(i) Interest on notified securities is exempt from taxation (Sec 10(4)(i) of the I.T. Act).

(ii) Tax borne by Indian concern in respect of Royalties or fees for technical services is exempt from taxation (Sec. 10 (6A) of the I.T. Act).

(iii) Interest income on loan given outside India to specified persons in

India for specified purposes ... ... empt from taxation (Sec. 10(5)(iv) of the I.T. Act).

(iv) Concessional rates of taxation are provided in case of investment in the shares of debentures of Indian companies and the capital gains arising therefrom (Sections 115 AB, 115 AC and 115 AD of the Act).

(v) Capital gains arising from transfer of shares in Indian companies in the scheme of amalgamation is exempt from taxation in certain cases (Sec. 47 (via) of the Act).

(vi) Taxation on capital gains on the basis of foreign currency equivalents of the sale prices and costs of acquisitions in respect of shares or debentures of Indian companies (Sec. 48 of the I.T. Act).

(d) The proposals approved for Foreign Direct Investment (FDI) are not necessarily for 100% exports. The FDI would result in increased production, exports and internal sales and the national exchequer would gain by way of increase in revenue through excise duty, customs duty and income tax.

Changing the Definition of Sick Units

@*395. SHRI G.G. SWELL:

SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has decided to change the definition of sick units; if so, what are the changes and how they will help revival of sick units;

(b) what is the actual performance of the RBI decision that the SSI sector would be getting up to 20 per cent of its annual output by way of working capital loan, and when did this decision come into operation;

(c) what is the component that the SSI sector forms in the priority sector lending programme;

(d) what is the rate of interest on loans given by Nationalised Banks to small, medium and big industry; and

(e) what is the price preference and purchase preference given to SSI units in the Government purchase programme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Presumably the Hon'ble Members are referring to the change in definition of sick units for the small scale industries in pursuance of the recommendations of the Nayak Committee. Reserve Bank of India have reported that SSI unit may be classified as 'sick' unit when:

(i) any of its borrowal accounts has become 'doubtful' advance i.e. principal or interest in respect of any of its borrowal accounts has remained overdue for a period exceeding 2½ years; and

(ii) there is erosion in the net worth due to accumulated cash losses to the extent of 50% or more of its peak net worth during the preceding two accounting years.

The above definition would facilitate early detection of sickness which would help in providing timely assistance for arresting the same.

(b) RBI issued a circular to the scheduled commercial banks on April 17, 1993 in which it was, inter alia, envisaged that for the credit requirements of village industries, tiny industries and other SSI units having aggregate fund based working capital credit limits upto Rs. 50 lakhs from the banking system, the norms for inventory and receivables as also the first method of lending (as recommended by the Tandon Committee for assessment of their maximum permissible bank finance) will not apply. Instead such units may be provided working capital limits

@Previously Starred Question 235, transferred from 12th August, 1993.